



FOR IMMEDIATE RELEASE
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JULY REVENUES

NASHVILLE, Tenn. – Total tax revenues for July were more than budgeted expectations. Finance and Administration Commissioner Larry Martin reported today that July ended the fiscal year with a net positive growth of 4.13% compared to revenues reported in the same month one year ago. Overall, July revenues were \$1.1 billion, which is \$27.4 million more than the state budgeted.

"July revenues recorded somewhat stronger than anticipated growth in the sales tax and corporate business tax categories," Martin said. "All other taxes, taken as a group, were also in excess of the budgeted estimates."

For the month of July, general fund revenues exceeded the budgeted estimate in the amount of \$26.2 million. The four other funds that share in state tax revenues were also in excess of budgeted expectations by \$1.2 million.

By mid-year 2016, as a result of very conservative budgeting, revenue performance was significantly outpacing the official budgeted estimates and would have left the state with a healthy year-end revenue surplus. The administration recognized this possibility in December, revised the revenue estimates upward, and presented an amended Fiscal Year 2016-2017 budget to the Legislature in January. The revised revenue estimates were adopted in May and added \$751.9 million to the original budgeted estimate.

"While we are encouraged that tax revenues continue to perform better than budgeted, most of the positive variance is already included in the fiscal year 2017 budget," Martin said. "The positive balance of \$817.1 million more than the original budget estimate is actually only \$65.2 million against the revised estimate that incorporates legislative changes."

On an accrual basis, July is the 12th month in the 2016-2017 fiscal year. All revenues will be subject to final accrual adjustments which may increase or decrease the recorded cash amounts on an audited basis.

"As we transition into the new fiscal year, we will continue to closely monitor monthly the economy and our revenue trends."

Sales tax revenues for July were \$3.8 million more than the budgeted estimate. The July growth rate was positive 0.81%. For 12 months, (August through July), revenues are over budget by \$277.1 million. The year-to-date growth rate for the 12 month period was positive 3.38%.

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Franchise and excise taxes combined were \$11.6 million more than the budgeted estimate of \$69.7 million. The growth rate for July was 44.32%. For 12 months revenues are \$489.0 million more than the budgeted estimate. The year-to-date growth rate was positive 14.62%, however, adjusting for two very large one-time payments received in the current year the underlying growth rate is positive 6.49%.

Privilege tax revenues were \$8.4 million more than the July estimate. For 12 months revenues are \$14.3 million more than the budgeted estimate.

Business tax revenues were \$2.1 million more than the July estimate. Year-to-date revenues for 12 months are \$19.5 million more than the budgeted estimate.

Gross Receipts tax revenues were \$1.1 million in excess of the July estimate. On a year-to-date basis for 12 months they are \$0.2 million more than the estimate.

Inheritance and estate tax revenues were \$1.1 million less than the July estimate. For 12 months revenues are \$0.6 million less than the budgeted estimate.

Hall income tax revenues for July were \$0.4 million less than the budgeted estimate. For 12 months revenues are \$45.8 million less than the budgeted estimate.

Tobacco tax revenues were \$2.6 million less than the budgeted estimate of \$24.6 million. For 12 months revenues are \$4.7 million in less than the year-to-date estimate.

Motor vehicle registration revenues were \$2.8 million more than the July estimate, and on a year-to-date basis they are \$16.2 million more than estimates.

Gasoline and motor fuel revenues for July exceed estimates by \$0.9 million. For 12 months revenues exceed estimates by \$44.8 million.

All other taxes for July were more than budgeted estimates by a net of \$0.8 million.

Year-to-date revenues for 12 months were \$817.1 million more than the budgeted estimate. The general fund recorded revenues in the amount of \$757.5 million more than the budgeted estimate, and the four other funds \$59.6 million more than estimate.

The budgeted revenue estimates for 2016-2017 are based on the State Funding Board's consensus recommendation of November 23, 2015 and adopted by the second session of the 109th General Assembly in April 2016. Also incorporated in the estimates are any changes in revenue enacted during the 2016 session of the General Assembly. These estimates are available on the state's website at <http://www.tn.gov/finance/article/fa-budget-rev>.

On November 17, 2016, the Funding Board met to hear updated revenue projections from the state's various economists. Meeting again on November 29, 2016, the board adopted revised recurring revenue growth ranges for the 2016-2017 fiscal year. The current fiscal year's revised ranges recognize growth in total taxes from a low of 2.50% to a high of 3.00%, and a general fund growth from a low of 2.75% to a high of 3.25%.

On May 8, 2017, during the first session of the 110th General Assembly, the Legislature passed the 2017-2018 budget, which included the Funding Board's current year revised revenue ranges and also the administration's amendment to the proposed budget. The governor signed the budget bill on May 25, 2017.

With passage of the appropriations act, public chapter 460, the General Assembly recognized in the current fiscal year an additional \$751.9 million in total tax revenue of which \$623.7 is recurring and a corresponding increase in general fund revenue in the amount of \$663.3 million of which \$481.1 million is recurring.

Table 1
Revenue Collections by Fund
July
2016-2017

Fund	2017				2016 Actual	2017	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
General Fund	\$893,796,000	\$867,566,000	\$26,230,000	3.02%	\$851,366,000	\$42,430,000	4.98%
Highway Fund	64,591,000	64,171,000	420,000	0.65%	62,159,000	2,432,000	3.91%
Sinking Fund	34,443,000	34,350,000	93,000	0.27%	34,818,000	(375,000)	-1.08%
City & County Fund	75,755,000	75,053,000	702,000	0.94%	77,675,000	(1,920,000)	-2.47%
Earmarked Fund	3,583,000	3,584,000	(1,000)	-0.03%	3,584,000	(1,000)	-0.03%
Total	\$1,072,168,000	\$1,044,724,000	\$27,444,000	2.63%	\$1,029,602,000	\$42,566,000	4.13%

Revenue Collections by Tax
July
2016-2017

Tax Source	2017				2016 Actual	2017	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
Franchise & Excise	\$81,256,000	\$69,700,000	\$11,556,000	16.58%	\$56,301,000	\$24,955,000	44.32%
Income	1,246,000	1,598,000	(352,000)	-22.03%	1,035,000	211,000	20.39%
Inheritance & Estate	133,000	1,199,000	(1,066,000)	-88.91%	1,102,000	(969,000)	-87.93%
Gasoline	59,996,000	59,074,000	922,000	1.56%	61,933,000	(1,937,000)	-3.13%
Petroleum Special	6,113,000	6,002,000	111,000	1.85%	6,176,000	(63,000)	-1.02%
Tobacco	22,049,000	24,617,000	(2,568,000)	-10.43%	22,817,000	(768,000)	-3.37%
Beer	1,724,000	1,535,000	189,000	12.31%	1,621,000	103,000	6.35%
Motor Vehicle Registration	25,159,000	22,392,000	2,767,000	12.36%	23,760,000	1,399,000	5.89%
Motor Vehicle Title	2,066,000	1,715,000	351,000	20.47%	2,072,000	(6,000)	-0.29%
Mixed Drink	9,658,000	8,371,000	1,287,000	15.37%	8,384,000	1,274,000	15.20%
Business	7,706,000	5,567,000	2,139,000	38.42%	5,532,000	2,174,000	39.30%
Privilege	40,217,000	31,811,000	8,406,000	26.42%	32,545,000	7,672,000	23.57%
Gross Receipts	15,832,000	14,732,000	1,100,000	7.47%	11,631,000	4,201,000	36.12%
TVA - In Lieu of Tax Payments	27,827,000	29,016,000	(1,189,000)	-4.10%	28,454,000	(627,000)	-2.20%
Alcoholic Beverage	6,149,000	5,916,000	233,000	3.94%	7,086,000	(937,000)	-13.22%
Sales and Use	748,691,000	744,904,000	3,787,000	0.51%	742,662,000	6,029,000	0.81%
Motor Vehicle Fuel	16,180,000	16,321,000	(141,000)	-0.86%	16,274,000	(94,000)	-0.58%
Severance	82,000	154,000	(72,000)	-46.75%	119,000	(37,000)	-31.09%
Coin-operated Amusement	84,000	100,000	(16,000)	-16.00%	98,000	(14,000)	-14.29%
Unauthorized Substance	0	0	0	NA	0	0	NA
Total	\$1,072,168,000	\$1,044,724,000	\$27,444,000	2.63%	\$1,029,602,000	\$42,566,000	4.13%

Table 2
Revenue Collections by Fund
Year-to-Date
August - July
2016-2017

Fund	2016 - 2017				2015-2016			2016-2017		
	Actual	Budgeted	B/(W)	Percent	Actual	B/(W)	Percent	Actual	B/(W)	Percent
General Fund	11,814,401,000	\$11,056,900,000	\$757,501,000	6.85%	\$11,274,675,000	\$539,726,000	4.79%			
Highway Fund	732,943,000	702,500,000	30,443,000	4.33%	721,494,000	11,449,000	1.59%			
Sinking Fund	410,016,000	407,300,000	2,716,000	0.67%	412,584,000	(2,568,000)	-0.62%			
City & County Fund	1,037,314,000	1,010,900,000	26,414,000	2.61%	1,026,887,000	10,427,000	1.02%			
Earmarked Fund	43,000,000	43,000,000	0	0.00%	42,999,000	1,000	0.00%			
Total	\$14,037,674,000	\$13,220,600,000	\$817,074,000	6.18%	\$13,478,639,000	\$559,035,000	4.15%			

Revenue Collections by Tax
Year-to-Date
August - July
2016-2017

Tax Source	2016 - 2017				2015-2016			2016-2017		
	Actual	Budgeted	B/(W)	Percent	Actual	B/(W)	Percent	Actual	B/(W)	Percent
Franchise & Excise	\$2,622,384,000	\$2,133,400,000	\$488,984,000	22.92%	\$2,287,822,000	\$334,562,000	14.62%			
Income	250,188,000	296,000,000	(45,812,000)	-15.48%	323,043,000	(72,855,000)	-22.55%			
Inheritance & Estate	13,934,000	14,500,000	(566,000)	-3.90%	57,887,000	(43,953,000)	-75.93%			
Gasoline	668,159,000	632,700,000	35,459,000	5.60%	660,214,000	7,945,000	1.20%			
Petroleum Special	68,219,000	66,100,000	2,119,000	3.21%	67,437,000	782,000	1.16%			
Tobacco	256,004,000	260,700,000	(4,696,000)	-1.80%	261,052,000	(5,048,000)	-1.93%			
Beer	18,021,000	17,100,000	921,000	5.39%	18,161,000	(140,000)	-0.77%			
Motor Vehicle Registration	278,142,000	261,900,000	16,242,000	6.20%	273,993,000	4,149,000	1.51%			
Motor Vehicle Title	23,892,000	18,800,000	5,092,000	27.09%	22,781,000	1,111,000	4.88%			
Mixed Drink	105,496,000	94,100,000	11,396,000	12.11%	96,389,000	9,107,000	9.45%			
Business	174,683,000	155,200,000	19,483,000	12.55%	154,210,000	20,473,000	13.28%			
Privilege	390,680,000	376,400,000	14,280,000	3.79%	378,262,000	12,418,000	3.28%			
Gross Receipts	31,387,000	31,200,000	187,000	0.60%	20,446,000	10,941,000	53.51%			
TVA - In Lieu of Tax Payments	342,182,000	355,000,000	(12,818,000)	-3.61%	348,912,000	(6,730,000)	-1.93%			
Alcoholic Beverage	65,692,000	62,300,000	3,392,000	5.44%	63,613,000	2,079,000	3.27%			
Sales and Use	8,549,774,000	8,272,700,000	277,074,000	3.35%	8,269,944,000	279,830,000	3.38%			
Motor Vehicle Fuel	177,386,000	170,200,000	7,186,000	4.22%	172,790,000	4,596,000	2.66%			
Severance	1,224,000	2,000,000	(776,000)	-38.80%	1,412,000	(188,000)	-13.31%			
Coin-operated Amusement	227,000	300,000	(73,000)	-24.33%	270,000	(43,000)	-15.93%			
Unauthorized Substance	0	0	0	NA	1,000	(1,000)	-100.00%			
Total	\$14,037,674,000	\$13,220,600,000	\$817,074,000	6.18%	\$13,478,639,000	\$559,035,000	4.15%			